

**STATE OF NEW HAMPSHIRE**

**MERRIMACK, SS.**

**SUPERIOR COURT**

**Docket No. 03-E-0112**

**In the Matter of the Liquidation of  
US International Reinsurance Company**

**AFFIDAVIT OF PETER A. BENGELSDORF, SPECIAL DEPUTY LIQUIDATOR,  
IN SUPPORT OF MOTION FOR DISCHARGE OF LIQUIDATOR  
AND TERMINATION OF PROCEEDING**

I, Peter A. Bengelsdorf, hereby depose and say:

1. I was appointed Special Deputy Liquidator of US International Reinsurance Company ("USI Re") by the Insurance Commissioner for the State of New Hampshire, as Liquidator ("Liquidator") of USI Re. I submit this affidavit in support of the Liquidator's Motion for Discharge and Termination of Proceeding. The facts and information set forth are either within my own knowledge gained through my involvement with this matter, in which case I confirm that they are true, or are based on information provided to me by others, in which case they are true to the best of my knowledge, information, and belief.

2. The Order of Liquidation for USI Re entered on June 13, 2003. Since that time, the Liquidator has been liquidating the company in accordance with the New Hampshire Insurers Rehabilitation and Liquidation Act, RSA 402-C ("Act"). As the Liquidator has previously reported, all the claims against USI Re have been determined and the assets of USI Re have been collected. On April 10, 2013, the Court approved a release agreement with the United States and authorized the distribution of USI Re's assets except for an administrative expense reserve. As reported in the Liquidator's Fiftieth Report, the assets have now been distributed.

3. On July 8, 2013, the Liquidator moved for approval of the disposal of the paper and imaged records of USI Re and the USI Re liquidation. The Liquidator provided notice of the

motion to the United States Department of Justice. On September 13, 2013, the Court approved the disposal of records, subject to the provisos that records necessary for the final USI Re tax returns be turned over to the Liquidator of USI Re's parent, The Home Insurance Company ("Home"), and that certain imaged records be provided to the New Hampshire Insurance Department.<sup>1</sup> The Liquidator has now disposed of the records in the Liquidator's possession in accordance with the order and will provide a copy of the imaged records (after adding a copy of this motion and the Court's order with regard thereto) to the Insurance Department when the Court has ruled on this motion. The Liquidator has directed that the boxes of USI Re records that are stored off-site with Iron Mountain be disposed of, and those records are in the process of being shredded by the vendor. The Liquidator is informed that process will be completed in approximately 30 days.

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4. The Liquidator has also addressed the few other final issues in the USI Re estate. The distribution checks have been cashed and the monies paid out of the estate except for three checks (totaling \$8,082.16) which have not been deposited. The Liquidator followed up with one claimant and reissued the check but it still has not been deposited. The Liquidator has been unable to contact the other two claimants. The Act provides in RSA 402-C:47, I, that unclaimed funds remaining at the time the Liquidator is ready to apply for discharge shall be deposited with the state treasurer. The Liquidator has accordingly paid the \$8,082.16 over to the New Hampshire Treasurer and provided the Treasurer with claimant information so that anyone entitled to the funds may seek them from the Treasurer.

5. The Liquidator with his consultant has prepared the portions of the consolidated tax returns of Home and USI Re that concern USI Re, which show no tax liability for USI Re.

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<sup>1</sup> Certain USI Re records concerning Canadian Indemnity business and board of directors meetings are intermingled with Home records and will also be retained by the Liquidator of Home to be disposed of when the related Home records are disposed of pursuant to the Court's approval in the Home liquidation.

The Liquidator will file USI Re's final returns as part of the consolidated returns for the year ending December 31, 2013 so long as USI Re's corporate existence has been dissolved by that date. (If USI Re continues to exist into 2014, then the final returns will need to be part of the consolidated returns for that year.) The Act in RSA 402-C:23 authorizes dissolution of the corporate existence of the insurer by order at any time during the liquidation or, by operation of law, upon discharge of the Liquidator. To avoid any uncertainty over USI Re's status, the Liquidator recommends that the discharge order expressly state that USI Re's corporate existence is dissolved.

6. The administrative expense reserve was \$48,901. It has been exhausted as set forth on the exhibit attached to the motion. The costs paid or accrued to address the final issues in the USI Re estate, including making the distribution to creditors, following up on distribution checks, preparing the final tax returns, disposing of documents, and preparing motions concerning the distribution, documents disposal and closure of the estate, total approximately \$24,137. The Liquidator has been using the services of liquidation staff of The Home Insurance Company, in Liquidation, to administer aspects of the USI Re liquidation, and the outstanding invoices for those services during 2013 exceed the remaining administrative expense reserve and will be satisfied by application of the remaining reserve.

7. As previously described, the assets of the estate have been collected and distributed, and the Liquidator has taken the remaining steps necessary to bring this proceeding to a close. The Liquidator accordingly requests that the Court grant this motion, discharge the Liquidator and the Special Deputy Liquidator, and issue an order terminating this proceeding in the form submitted herewith.

Signed under the penalties of perjury this 15 day of October, 2013.

  
Peter A. Bengelsdorf  
Special Deputy Liquidator of US International Reinsurance  
Company

STATE OF CALIFORNIA  
COUNTY OF VENTURA

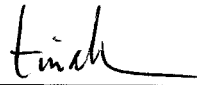
On 10-15, 2013 before me, Tina Le, Notary Public,  
personally appeared Peter A. Bengelsdorf, Special Deputy Liquidator of US International  
Reinsurance Company, who proved to me on the basis of satisfactory evidence to be the person  
whose name is subscribed to the within instrument and acknowledged to me that he executed the  
same in his authorized capacity, and that by his signature on the instrument the person, or the  
entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that  
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Signature

  
Signature of Notary Public